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CPW Report No. 15 - COMMUNIST CHINA

(Mar. 24 - 30, 1952)

SUMMARY

Preliminary examination of Chinese Communist broadcasts to the Chinese people in the week ending Mar. 30 leaves the impression that the anticorruption drive is in a thoroughly confused state. Radio broadcasts and exhibits to promote the drive were reported by several broadcasting stations, with one newspaper quoted as urging more rallies. Confession and accusation meetings, though principally confined to special groups, seemed to be on the increase, with the established pattern--accusation--confession--pardon, or accusation--denial of guilt--arrest--being maintained. Orders and regulations for disposing of corruption cases, however, were issued by Peking several weeks ago, numerous cadres have been removed from the drive to push normal production, and indications of a strong urge to dispose of corruption cases and close the drive have been evident for some time.

Side by side with this belated promotion of the anticorruption drive in some quarters were reports of wholesale adjudication of cases in accordance with the regulations laid down by Peking, and of minor offenders being pardoned by the hundreds. Even persons guilty of corruption involving as much as 100 million yuan were pardoned provided they confessed their guilt and refunded the money illegally obtained. This attempt at rapid adjudication met with serious difficulties in some quarters.

To further speed up the adjudication proceedings, Peking announced new regulations for setting up special tribunals in cities and hsien where the number of violators was high. These special courts would have power to "arrest, try, and punish," but cases involving punishment by death or 10 or more years of imprisonment were to be reviewed by the hsien or municipal Government. Cases involving firms classified as law-abiding or semi-law-abiding were to be handled entirely by the Austerity Committee, but these defendants could appeal their cases to the special tribunal.

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In the organization of the special courts, too, confusion was apparent, with one station announcing the organization of a "temporary People's Court," another the setting up of a "summary court," both of which could possibly be the same as the special tribunal outlined by Peking. A third station, however, reported the setting up of a "summary court," which tried a number of cadres for corruption and sentenced four to "immediate execution," which would seem to be in direct conflict with Peking rules for the special tribunals.

Some degree of clarification was obtained in a Peking report of a statement made by Shanghai Mayor Chen I to the local Increased Production and Economy Committees--the committees originally set up to conduct the drive to increase production and eliminate waste, prior to organization of the Austerity Committees for directing the anticorruption drive. Mayor Chen announced formal initiation in Shanghai of the five-anti's campaign against private businessmen to eliminate bribery, tax evasion, embezzlement of Government property, cheating on contracts, and stealing of Government economic information. Inroads of capitalists into the Party and the working class were said to be better planned and organized in Shanghai than in other parts of China. There the "techniques of attack" are smarter, and therefore the success of the five-anti's drive in the Nation hinges on its success in Shanghai.

First mention of the five-anti's campaign was heard in a Shanghai broadcast Feb. 3. Since then it had been mentioned frequently, but was overshadowed by the anticorruption drive, with its confession and accusation meetings and tiger hunts. Apparently all previous reference to the five-anti's drive was premature, as the big drive against corrupt capitalists, the true five-anti's drive, was not supposed to start until the spectacular but less vital drive against waste, corruption, and bureaucracy was in the process of being closed.

However, despite his vigorous denunciation of vicious capitalists, who would challenge even the People's Government, Mayor Chen was careful to point out that the five-anti's drive is not aimed at "liquidation of the capitalist class," like, for example, the land reform struggle, which aims at "liquidation of the landlord class." It is only the "harmful actions of the capitalist class" which are to be eliminated. Capitalists who accept the leadership of the Communist Party will continue to "engage in legal business and reap legal profits." The revolution still is dependent on the union of the three classes--workers, peasants, and petty bourgeois. Actually, according to Chen, the vicious capitalists that must be punished make up only about 5 percent of the total. Through their elimination by the five-anti's campaign the capitalist class itself will be the big gainer. This new drive, Mayor Chen declared, must be orderly, and must be entirely in the hands of the Increased Production and Economy Committees. "False examiners" must be punished; in other words there will be no wild accusations and hysterical meetings. What Chen is suggesting is that the anticorruption campaign was a noisy, unruly, rabble-rousing affair that often got completely out of hand. The new drive will be kept under rigid control.

Further evidence that certain Communist leaders fear the anticorruption campaign went too far in alienating the capitalist class, which the Government still needs and is not yet ready to liquidate, was shown in numerous broadcasts concerning the relationship between private business and State-owned concerns. Government companies apparently were going out of their way to give business to private firms damaged or closed by the anticorruption drive. Evidence also was unmistakable that the anticorruption drive had done considerable damage. Hangchow in particular revealed a number of instances in which business and production were at a complete standstill as a result of the drive, while similar testimony came from regional broadcasting stations in the Northeast, the Southwest, and Foochow, in Fukien Province.

Reports of actual resistance to the anticorruption drive were not numerous, and generally were less spectacular than in the past. However, there were charges of continued oppression of workers and the closing down of business houses. Workers and cadres still were often described as being "lax" or "reluctant," and "indoctrination" was resorted to in many cases to get action, but senior clerks and accountants seemingly were causing less of a problem than in the past. There was a slight drop in

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number of reported arrests for corruption, and few of the cases were spectacular or of major import. Sixteen firms were said to have handicapped the Huai River project through their corrupt dealings, and East China shipbuilders were said to have robbed the Government of large sums through cheating on contracts. Arrests of public officials for corruption seemed to be about normal, with some in rather high positions exposed in Chenchiang and Tsinan, while Nanchang reported the expulsion of the Kiangsi Party Committee's chief of propaganda.

Reports of famine, threats of famine, and distribution of relief food came from Kiangsi, Hupeh, Hunan, Kwangtung, Szechwan, Hainan Island, and Fukien, with Foochow in the last-named province again standing out as the East China city with the highest living costs. Damage to early crops through floods and heavy rain also was reported.

Considerable stress was placed on spring farming activities, with cadres again ordered in some areas to forget the anticorruption drive and give their attention to the farm program. In some areas middle-class farmers were reported to be without seed and farming tools, supposedly because they had made loans to poor farmers which could not be repaid. Rural cadres received their normal portion of blame for farm difficulties, but the peasants themselves were not blameless.

Peking continued to accuse the United States of using bacteriological warfare, both in Korea and in Northeast China, and made much of the report of the International Association of Democratic Lawyers. Relatively little comment came from the regional stations, though an occasional broadcast reported a protest by some group, including "blind workers" in Dairen. There also was an apparent falling off of interest in organizing to combat bacteriological warfare, with not one announcement monitored of medical volunteers for Korea. Charges that Chinese contractors damaged the efforts of the Chinese Volunteers were few, and details were lacking. Attention to preferential treatment for dependents of servicemen was somewhat greater than during recent weeks, but principally in connection with the spring production drive.

Considerable resistance to land reform, both from landlords and farmers, was reported from Kiangsi and Yunnan, while Wuhsi announced that a Shanghai editor had been dismissed for "sabotaging land reform."

Peking told of a trade team organized by a State-operated company in Tsinghai Province which penetrated into two towns of Tibet and carried on a brisk trade with the natives. The Tibetans were said to have "pinned up Chairman Mao's portrait," and to have "ardently loved" the trade team. However, the team used 30 guards with rifles and horses furnished by a local chief for their protection.

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CPW Report No. 15-A -- COMMUNIST CHINA

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ANTIWASTE, ANTICORRUPTION, ANTIBUREAUCRACY

Promotion of Drive. The Anshan radio announced (Mar. 28) that an on-the-spot anti-corruption rally would be broadcast Mar. 29 under the auspices of the local Austerity Committee. Listening groups were asked to file reception reports and were given seven telephone numbers where they could phone urgent comments. Chungking announced (Mar. 27) that an on-the-spot broadcast of a local anticorruption rally would be broadcast that day and urged listening groups to make reports.

Anshan reported (Mar. 27) that the local Austerity Committee was opening an anti-corruption exhibit, and urged all Party and Youth Corps committee to organize corrupt elements who had not made satisfactory confessions to view the display. Hofei asserted (Mar. 29) that the "political consciousness of the masses was greatly heightened" by the anticorruption exhibit held at Huainan Mar. 26, which showed specimens of fake drugs, gold and other bribery items, documents on theft of economic information, and ways of defrauding the Government. Wuhsi stated (Mar. 26) that more than 60,000 persons already had seen the anticorruption exhibit at Wuhsien, and after visiting the exhibit the workers "demanded severe punishment for corrupt merchants who defrauded the Government and injured the Chinese Volunteers." Taiyuan reported (Mar. 27) that the SHANSI JIH PAO carried reports on the Taiyuan anticorruption exhibit and the adjudication of corruption cases by the Taiyuan Austerity Committee.

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Kaifeng declared (Mar. 27) that an article in the HONAN JIH PAO showed how the anti-corruption drive promoted the political consciousness of the people and gave them a better understanding of the tenets of Marxism-Leninism and Mao Tse-tung's theories. The editorial also called upon workers to organize more meetings, "so they not only would educate the masses, but also themselves," and emphasized the role of shop clerks in the anticorruption drive. Canton reported (Mar. 25) that Chen Yu-min, a 14-year-old student in the Chenkuang Junior High School, had written a letter accusing her uncle, merchant Chiu Te-ling, of corruption, "because she wanted to become a Mao Tse-tung student." Kunming asserted (Mar. 25) that since Kuo Chi-ming, accountant in the Yunnan Department of Finance, had been pardoned following a full confession to charges of corruption, he was improving his working efficiency "in order to redeem himself."

Confession and Accusation Meetings. Chinese regional broadcasting stations, in the period under review, gave more attention to reports of accusation and confession meetings than in any other period during the past month. Anshan reported (Mar. 26) that at a rally Mar. 22 major corrupt elements Tan Tai-ho, Yung Yu-kuei, and Liu Min-shan confessed and were pardoned, "after indoctrination by workers of the Anshan Metal Works," while 65 persons accused of minor corruption also were pardoned. Shanghai announced (Mar. 25) that 3,000 persons attended a rally called by the Shanghai Austerity Committee to hear Mayor Chen I report on the anticorruption drive and announce eight regulations for conducting the drive. Shanghai added (Mar. 28) that small and medium contracting firms in Nanking recently made 160 accusations against larger firms. Ho Tung-chi attacked corruption among the larger firms, and pointed out that the small firms could hope to remain in business only if they cooperated with the Government in wiping out major corruption. Shanghai reported (Mar. 29) that at a Hangchow rally Mar. 16 nine merchants who declined to confess were arrested on the spot, while 63 who confessed received lenient treatment.

Tsinan stated (Mar. 29) that after the Tsingtao Austerity Committee sponsored a confession meeting many top grafters studied various documents relating to the anti-corruption campaign, "experienced thought struggle," and began to confess. Between Mar. 13-19 confessions of corrupt elements numbered 808, while 389 grafters added to their previous confessions. Hangchow reported (Mar. 24) that the training school of the Chekiang Department of Agriculture called a meeting and offered leniency to all those accused of corruption amounting to not more than one million yuan. However, Chin Wei-hsiung was held for investigation when he refused to confess to new charges, denied his former confession, and insisted that he had been falsely accused. The Chekiang Department of Posts and Telegraph held a rally Mar. 22, when corrupt elements were given a last chance to confess. Chen Hsin-ya confessed to taking 400,000 yuan, while Li Yung-han refused to confess and was arrested. Hangchow added (Mar. 25) that the Chekiang Federation of Cooperatives called a meeting of workers, at which Cheng Wei-liang was pardoned following his confession that he connived with his uncle, Cheng Wei-neng, to embezzle 31 million yuan. Shi Feng-chun and Chou Chu-ching were ordered demoted for failure to make full confessions. Hangchow announced (Mar. 26) that, at a rally called by the local Austerity Committee on Mar. 25 to give businessmen a last chance to confess, firms cleared because of full confessions totaled 60, while the managers of the Kuanghua Match Factory, the Liangche Bank, and the Chifu Photo Shop were arrested and held for investigation. Hangchow said (Mar. 29) that all eight of the "big culprits" in the local merchandise and clothing trades had been rounded up and "obliged to confess."

Hofei announced (Mar. 25) that at a rally of the Huannan Huanpei Administration, Anhwei, Industrial Department, Mar. 19, pardons were granted to 13 persons. Yao Fu-tan, who formerly confessed to corruption of 7 million yuan, raised the amount to 10 million with the explanation that he had held it to 7 million the first time because he "did not want to be a tiger." Chang Yung-chin confessed to corruption of 163 million yuan and offered to return the money. Hofei added (Mar. 26) that at a Pengpu confession and accusation rally engineer (Hsueh Hsi-fen) of the Bureau of Water Conservancy had been held for trial and deprived of membership in the Youth Corps because he refused to confess to embezzlement of 11,000 catties of rice; four merchants

were held for trial; two tax evaders were pardoned; and notice was served on 54 firms that they must confess or face heavy penalties. Hofei reported (Mar. 27) that at a rally honoring veterans of the Korean war, "when patriotic fervor was at a high pitch," Wang Hsiao-hsin's wife made 12 accusations and prevailed upon her husband to confess to corruption on his job with the Huainan Railway. Yang Feng-hai, cadre in the North Anhwei Marine Products Company, confessed to making fake gold bars and silver dollars.

Nanchang stated (Mar. 30) that trade circles in Fuliang, Kiangsi, held a rally Mar. 21, when Chen Tao-hung of the Grain Bureau and Chen Ta of the China Department Store were arrested for refusal to confess, while Wang I-ming of the Fuliang Normal School was pardoned when he confessed to corruption and offered to return the money. Wuhan reported (Mar. 27) that at a meeting Mar. 24 the following were pardoned after confessing to corruption ranging from 90 to 900 million yuan and accusing others: Wu Jih-chang, Yao Hsin-wu, and Lo Chung-sun of the city bus company; Li Mu-shan and Tao Ming-i of the city navigation company; Hsiung Ching-ju, Chang Liang-chen, Wang Yu-chang, Chen I-shi, Wang Yung-seng, and Ti Hua-chang of the local branch, China Department Store; Chen Ming-jo and Liu Pai-chuan of the China Native Products Company; and Tao Chu-ming of the city supply company. Wang Cheng-ming, chief of the Wuhan Bureau of Trade, listed 100 firms as law-abiding and announced the arrest of two major corrupt elements, Kuo Liang-kuo of the city rubber works and Li Ming of the Grain Bureau, for failure to confess. Wuhan added (Mar. 28) that the Central and South China Party Committee sponsored a rally Mar. 25 attended by 1,000 persons, when nine corrupt elements were pardoned, four accused, and one arrested.

Kunming announced (Mar. 25) that at a rally Mar. 18 called by the Yunnan Department of Trade 74 tigers were exposed, while 4 persons were pardoned when they confessed and exposed others. The Kunming Austerity Committee called a rally Mar. 18 to give corrupt elements a last chance to confess, and 20 tigers who refused to confess were arrested. More than 500 women shop clerks in Kunming held a rally to expose corruption among their employers. Kunming added (Mar. 27) that at the second anticorruption rally of Kunming shop clerks businessmen in the transport trade praised the arrest of Chang Shu-tzu and confessed to their own corruption. Kunming said (Mar. 30) that shop clerks held a rally Mar. 28, attended by 3,000, when corrupt elements were accused of not making confessions, and their arrest demanded.

Adjudication Proceedings. Most of the regional broadcasting stations devoted considerable attention to attempts at final adjudication of corruption cases. Anshan announced (Mar. 26) that workers in the Anshan Steel Mills were studying documents in connection with the Central Government directive on "immediate adjudication in order to promote production," that many corrupt elements had made confessions in order to gain clemency, and that 18 cases were adjudicated Mar. 22, when 9 were pardoned and 9 arrested because of refusal to confess. Dairen reported (Mar. 30) that the local Austerity Committee had called an adjudication meeting, at which all cases involving not more than one million yuan, and those between 10 and 100 million where full confessions were made, were pardoned. Yao Tung-pang and Wang Chien-chou were pardoned because they confessed and exposed others, while Yang Chin-chi was held for investigation because he refused to confess. Chinchow said (Mar. 25) that the Chinchow Austerity Committee called an adjudication meeting Mar. 18, pardoned Chang Yu-cheng and Chao Wei-wen after full confessions, and arrested merchants Li Tao-yuen and Wang Chun-fang for refusal to confess. Tsinan announced (Mar. 29) that Chairman Wang Shao-ying of the Tsingtao Austerity Committee had said the check-up of corruption cases in the four important trades of Tsingtao had been completed Mar. 25.

Shanghai reported (Mar. 25) that steps had been taken in all the large trade centers of East China to carry out the Central Government directive for adjudication. Nanking had issued its first list of law-abiding firms; Hangchow had given out a complete list of classifications; and Nantung had classified 1,000 firms. Shanghai added (Mar. 27) that although the Nanking Austerity Committee was trying to adjudicate cases, an average of 64 new ones were being received daily. In Chu 3, out of 130 grain firms, 76 had added to their original confessions, while in Chu 6 additional accusations had added 600,000 catties to the amount of grain embezzled,

Shanghai said (Mar. 28) that in Tsinan 347 cases involving 13.4 billion yuan had been settled, with minor violators pardoned following confessions and major violators ordered to make immediate confessions if they hoped for leniency. The Shanghai radio added (Mar. 30) that the Nanking Austerity Committee now had handled 24,606 cases out of the city's 25,810 firms, with 95 percent of the firms now cleared and the "stage set for the attack against major violators." Semi-law-abiding firms were beginning to pay back the funds embezzled or the taxes evaded.

Hangchow announced (Mar. 25) that the Chiangshan Railway Shop tiger-hunting team had settled all cases involving one million yuan or less, and had pardoned a number of violators, including Liu Chang-i and Chou Hsi-na, following confessions. The Hangchow Austerity Committee called a meeting Mar. 23 for adjudications proceedings and reported that most of the 180,000 corruption cases in the city had been settled. Hangchow added (Mar. 27) that at an adjudication meeting of the Chekiang Department of Trade one cadre was arrested for refusal to confess; Chen Yuen-cheng handed over 5 ounces of gold; Cheng Hung-la confessed to corruption of 10 million yuan and handed over 9 ounces of gold and 50 silver dollars; and Kuan Yeh-ju confessed to corruption involving 90 million yuan. Hangchow stated (Mar. 30) that the local Department of Health had completed adjudication of its cases. Kuo Shou-yuen was held when he refused to confess to accepting a bribe of 2.73 million yuan; Ling Yu-hsiung was pardoned when he confessed to corruption of 30 million; Chou Li-yun confessed to taking 5 million yuan and returned the money to the orphanage; and Shao Yun-wei was pardoned after he promised to pay back the funds he embezzled.

Yangchow announced (Mar. 24) that the Austerity Committees of Yencheng and Taichou had called adjudication meetings. Yangchow added (Mar. 28) that Huaiyin Hsien called an adjudication meeting Mar. 23, dismissed cases of from 10 to 100 million yuan following confessions, and arrested Tung Hsin-lai for refusal to confess. The North Kiangsu Austerity Committee announced that firms which had been pardoned were paying back taxes, embezzled funds, and fines to the Yangchow branch of the People's Bank of China. Ho Li-cheng confessed to 110 million yuan of corruption and was pardoned, along with several others in the rice and oil trades. Wang Tzu-chung, Ma Yung-nien, Ma Yung-hsin, and Yang Po-chang, were arrested for refusal to confess. Yangchow said (Mar. 29) that at a Nantung adjudication meeting of shop clerks Mar. 25 numerous cases were settled, while the clerks were told "not to stop or slacken their efforts until all major corrupt elements are rounded up."

Wuhsi reported (Mar. 25) that the Wuhsi Austerity Committee met Mar. 23 to adjudicate 3,642 cases of corruption. Among major corrupt elements arrested for refusal to confess were Shen I-seng, leader of the hardware trade; Hua Chung-chi, leader of the textile trade; Yu Te-li and Chang Ke-min, leaders in the building trade; Chao Tzu-chiang, who gave 1.6 billion yuan in bribes; Chou Te-ming, who used women to get Army contracts; and Chang Hsueh-hsin, Hua Feng-te, Hu Te-cheng, and Hu Shou-seng, speculators in gold and commodities. Wuhsi added (Mar. 30) that clerks were busy gathering material for final adjudication. One businessman who defrauded the Government on Army contracts still got a semi-law-abiding rating because of his complete confession.

Wuhan announced (Mar. 26) that in Changsha workers had made 70,000 accusations, with 4,700 cases adjudicated by Mar. 15. Even serious cases of corruption were dismissed if confessions were satisfactory, "but nonconfessors were given no leniency." Wuhan added (Mar. 29) that the Wuhan Austerity Committee had announced the arrest of a group of merchants who had refused to confess; reported that 20,269 firms had been taken care of in adjudication proceedings, more than 50 percent of those in the city; said that corruption in Wuhan amounted to 384.5 billion yuan; and claimed that 90 percent of the city's shop clerks took part in making 384,500 accusations.

Chungking announced (Mar. 24) that the Chengtu Austerity Committee adjudicated 6,000 cases of corruption by Mar. 20 and ordered the arrest of 22 merchants who had refused to confess. Chungking said (Mar. 29) that in Kunming 60,000 cases of corruption had been reported and most of them settled. Kunming reported (Mar. 26) that Kunming shop clerks had submitted a list of law-abiding firms for release. The Kunming

Austerity Committee called a meeting to pass on corruption cases in 1,066 firms, 212 of which had been classified as law-abiding. Chin Chu-ju, chairman of the People's Court, ordered the early release from prison of Liu Min-ching, Chin Seng, and Chu Chen of Transport Company No. 302 for their "professed willingness to cooperate with the working class and accept the leadership of State industries." Chang Chou-chi of Transport Company No. 306, Chang Tzu-chiang, and Chang Chung-shan were ordered arrested for obstructing the anticorruption drive. Kunming added (Mar. 27) that clerks and workers in the transport trade recently checked 4,611 firms, turning down 136. Chiao Chin-wei of the hardware trade was charged with underestimating his taxes, and Ku An-chang of the transport trade was charged with not confessing in full his smuggling activities. Both were held for investigation. Government offices in Kunming, the Kunming radio said (Mar. 29), had settled all corruption cases involving less than one million yuan "to clear the way for exposure of major corrupt elements," and had ordered the latter to confess at once if they hoped for leniency.

Special Courts. Peking announced in numeral code (Mar. 24) that the Central Government Administrative Council had adopted on Mar. 21 new regulations for adjudication of corruption cases. In cities where the cases were many, special tribunals were to be set up, consisting of regular People's Court judges as well as special appointees. These tribunals were to operate under the Municipal Governments, with chu tribunals also to be organized if desired, and were to be disbanded at the end of the five-anti's campaign. The special tribunals were given full power to arrest, try, and punish, though judgments involving 10 years or more in prison or the death sentence were to be reviewed by the hsien or municipal government. Cases of law-abiding or semi-law-abiding firms were to be handled by the Austerity Committee with right of appeal to the special tribunal. In localities where the corruption cases were few in number they were to be handled by the People's Court of city or hsien.

Wuhan reported (Mar. 28) that the Central and South China Department of Trade called a meeting Mar. 21 and set up a "temporary People's Court" to adjudicate corruption cases. The court pardoned a large number of firms and arrested Kung Chi and Chou Shang-wen for refusal to confess. Sian announced (Mar. 30) that the local People's Court had organized a "summary court" to try corruption cases, consisting of the Chief Justice of the Sian People's Court, the head of the Federation of Labor Unions, chairman of the Board of Trade, and delegates from other groups.

Chungking reported (Mar. 28) that, "in accordance with the Central Government directive on the adjudication of corrupt cases," the People's Court of the Southwest Military District, in conjunction with six other organizations, set up a "summary court" Mar. 27 to try corrupt cadres accused by eight Government offices. Chang Yun-chu, Chang Kun-yun, Li Chin-yuen, and Chu Chung "were sentenced to immediate execution for refusing to make confessions." Two others were sentenced to death with a stay of execution, one was given a life prison term, two were released, and the others were remanded to their own offices for trial.

Shift to Five-Anti's Drive. Peking reported at length a statement made by Shanghai Mayor Chen I to Increased Production and Economy Committees of the city and various chu, extracts from which follow:

I hereby announce the formal initiation of the struggle against bribery, tax evasion, embezzlement of National property, cheating on contracts, and stealing of State economic information, in Shanghai We must warn all lawbreaking capitalists that the People's Government and the people cannot tolerate any more their crimes. Unless they repent, adhere to the laws of the People's Government, completely confess, give up their stolen funds and materials, and pledge not to commit violations again, the People's Government and the people will not forgive them Regardless of their status in the People's Government, their scale of business, their skill in handling production, their factions and their strength, their falsification of accounts, their formulation

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of offensive and defensive pacts, and their running away and hiding, the People's Government has the complete authority and confidence to give them complete sanctions The outrageous inroads into the Chinese Communist Party and the working class by the Shanghai lawbreaking capitalist class are more organized and well planned than those by the capitalist class of other communities. Their techniques of attack are smarter, and therefore more devastating I am of the opinion that the success of the five-anti's struggle of the Nation hinges on the five-anti's movement of Shanghai It is hoped that the broad masses of Shanghai will respond to the Government, take up their combat positions, and wait for orders to act The five-anti's struggle is not the liquidation of the capitalist class, as the land reform struggle is liquidation of the landlord class. The five-anti's movement is the liquidation of the harmful actions of the capitalist class which endanger the national economy and the people's livelihood They are permitted to engage in legal business and reap legal profits, and in addition will receive the protection of the Government. (Peking, numeral code, Mar. 28)

Chen I explained in detail that there was no change in the position of the Government on the status of the capitalist class. The revolution still must be carried out by a union of the three classes working together--workers, peasants, and the petty bourgeois.

Hofei announced (Mar. 29) that in Huainan the five-anti's campaign exhibit had been opened Mar. 26, "after one month of preparation." It showed, among other things, the bribes given cadres by capitalists and unwholesome drugs sold on the market.

RESISTANCE TO DRIVE

Capitalists and Businessmen. Dairen reported (Mar. 30) that in the settlement of 3,000 cases of corruption among local industrial and commercial firms the arrest was ordered of "12 treacherous merchants" who committed enormous crimes and "resisted the drive." Chinchow announced (Mar. 28) that the Chinchow Austerity Committee had accused 400 merchants of obstructing the drive by holding back 400 million yuan in wages from 1,000 workers. Hangchow reported (Mar. 25) that workers had demanded the arrest of merchants Tang Chien-ping, Chen Tzu-liang, and Chou Ping-kuei of Wenchow for mistreating workers during the anticorruption drive, holding back wages, and using defective machinery, allowing one worker to be killed by a broken belt. Workers in the Hangchow silk mills held a meeting in an effort to "smash the schemes of capitalists who tried to obstruct the antiwaste, anticorruption, antibureaucracy drive." Among 1,011 small silk mills, 259 had stopped operations and cut off meals and wages. Workers organized teams to consult with factory owners in an attempt to get work resumed, and succeeded in 94 cases. The Austerity Committee charged Han Tzu-wen, Yeh Chi-feng, and six others with stopping work, and ordered them to resume operations at once. Hangchow added (Mar. 29) that the local Increased Production and Economy Committee called a meeting Mar. 26 for "prohibition of illegal suspension of operations, or closing down of business," by "lawless merchants leniently treated."

Kaifeng quoted (Mar. 25) from an editorial in the HONAN JIH PAO which exposed attacks by the capitalist class upon the Nation's economic structure, warned of capitalist trickery, and called upon the masses to "organize themselves for a death struggle with the forces of corruption." Hofei reported (Mar. 29) that Cheng Kuo-chuan and Wu Chi-hsing, owners of the Hsiehchang Trading Company, connived with worker Huang Chang-ching to force worker Huang Hung-fa to commit suicide because he exposed the corruption of the management. This was the third case of murder or suicide caused by businessmen obstructing the anticorruption drive. The HUANNAN HUANPEI JIH PAO carried an article demanding severe punishment for corrupt capitalists who caused the deaths of workers.

Wuhsi announced (Mar. 26) that Ku Kuo-an, Wuhsien merchant, had been arrested for infiltrating cadre Kao I-ming into the Wuhsien branch of the China Department Store to defraud the Government and gain inside information to use in speculation. Yard goods prices were raised so arbitrarily in the store that "the anger of the public was aroused." In addition, Ku and his accomplice contrived to sell 62 bolts of Government cloth and tie up capital. In the first 3 months of 1951 yard goods sales in the State store were only 46 percent as high as in private stores; yet the State store's capital was six or seven times as high. Wuhsi said (Mar. 27) that Chang Ming-chi, cocoon merchant and vice chairman of the Board of Trade, had been dismissed from the latter job because he formed alliances with other cocoon merchants to close up shop and force workers out of jobs. His accomplice, Chen Chi-shen, also was arrested. Wuhsi asserted (Mar. 28) that the Wuhsien State textile mills had purged themselves of capitalistic elements that had infiltrated into the mills to cheat the Government and obstruct the anticorruption drive.

Kunming reported (Mar. 27) that the Yunnan Bureau of Trade discovered recently that more than 20 percent of the cadres enrolled for training had been sent by capitalists to infiltrate into State enterprises, some merchants even paying the cadres to become trainees. Ma Wei confessed that he was sent by his uncle, a salt merchant, so that when he got a job in a Government trading company he could furnish his uncle with information. Chang Chia-kou confessed that he was an agent of corrupt merchant Feng Chien-hua.

Cadres and Workers. Anshan asserted (Mar. 25) that despite attempts by corrupt merchants to enlist the cooperation of senior clerks, "most of them" now were making accusations against merchants. Wang Te-ching offered Yang Han-ching a share in the business, but instead Yang exposed his employer. Chinchow declared (Mar. 27) that "as a result of their indoctrination," Chinchow senior clerks and technicians, "who formerly had identified their interests with the capitalists," now had joined the workers. Accountants Liu Wei-yuen of the Weisseng Ironworks, Liu Yu-fen of the Mengchi Processing Mills, and Li Ming-chu of the Chinchow Textile Mills, all accused their employers.

Shanghai reported (Mar. 24) that Chen Hua-ming, head of the Chinhua, Chekiang, office of the China Textile Company, had been removed for obstructing the drive. He pardoned his clerk, Chang Hsin-jui, and kept him on the job after he confessed to embezzling 15 million yuan, when actually he had taken 120 million. Hangchow said (Mar. 25) that the Hangchow Federation of Labor held an indoctrination course for senior workers Mar. 12-22 in order to increase their support for the anticorruption drive and "overcome their reticence." Yang Wan-chang then confessed to writing a false letter of confession for his employer and accused him of embezzling 200 million yuan. Hangchow added (Mar. 26) that staff members at Chekiang University had promoted the anticorruption drive with criticisms and self-criticisms "which were either weak or pointless." After indoctrination "many who were above politics," such as 67-year-old Prof. Chin Ssu-chien, took a great interest in the drive, "and those who still are lukewarm in their political interests have been warned to correct their thought."

Huainan announced (Mar. 25) that the anticorruption drive in the Huainan branch of the People's Bank had gained momentum following suspension of Chou Ching and Jen Lien-chun, manager and deputy manager, respectively, "who obstructed the drive." Kunming reported (Mar. 25) that the Austerity Committee of Chaotung Hsien, Yunnan, had called a meeting of cadres to "correct rightist thought" among those who said that no corruption existed, and that if it did it easily could be taken care of by confessions. Kunming said (Mar. 26) that cadres in Szemao Hsien had been accused of rightist leanings in carrying out the drive, and in order to "overcome these incorrect thoughts," other cadres had been sent to the hsien to hold rallies. The new cadres exposed the tricks of Chang Mu-yuen and accused him of major corruption. Kunming complained (Mar. 30) that in the Kunming Textile Mill the "five-anti's movement was not carried out successfully," because after preliminary tiger hunting was successful the management ordered the workers to take part in the "campaign against waste, or some other kinds of difficult work." Instead of these replaced cadres other tiger hunters were named, who "have not achieved any remarkable results."

CASES OF CORRUPTION

Private Businessmen. Chinchow reported (Mar. 29) that (Ching Pai-shan) of the Chinchow Moving and Transport Company had been spared criminal punishment, but must refund the 133 million yuan he confessed to taking. (Meng Chia-pu), who grafted 19 million yuan, must repay the money and serve 4 years in prison. Peking announced in numeral code (Mar. 24) that Tu Hsueh-pin, manager of the Tung Hsu Rice Processing Company, Mukden, stole Government goods, largely through substituting poor rice for good, and evaded taxes. As he confessed, along with his partner and four others, he was required to refund the goods and the evaded taxes, but received no other punishment. The same procedure was followed with Tien Yu-huan, submanager of the Yung Mou Furniture Store of Mukden, who made illegal profits through selling furniture to the Government and evaded taxes.

Shanghai reported (Mar. 24) that Yang Chin-sheng, chairman of the Shipbuilders Trade Association, and Jen Tung-sheng, owner of the Hofeng Shipyards, corrupted engineers Jen Kung-wu and Fei Ming-kao of the East China Navigation Department, and were able to make one billion yuan out of a Government contract for 2 billion. They also defrauded the Government of 60 billion yuan in other contracts, and 80 percent of the barges they made now are tied up on the Huangpu River because they cannot be used. Shanghai said (Mar. 25) that Wuhsi merchants Mu Li-chin and Chiao Chu-cheng defrauded the Government of 160 million yuan in making woolen blankets. Kuo Yeh-ching was accused of organizing private industry to oppose State industries. Shanghai declared (Mar. 26) that workers in Shanghai had demanded severe punishment for Cheng Fu-chi for defrauding the Government in contracts for construction on the Huai River project. Cheng organized 16 firms in bidding on the contract, causing the Government to lose 450 million yuan. In turn, as a result of weak embankments, the sidewalls of one dam developed leaks, causing the loss of a freight train valued at 330 million. Most of the flood gates crumbled, forcing the Government to spend huge sums on repairs. When defective embankments caused floods in 1950, corrupt merchants contracting to furnish 22,000 gunny sacks took advantage of the situation and raised the price from 6,000 to 9,000 yuan each. Shanghai added (Mar. 27) that Cheng and other contractors on the Huai River project cheated on labor and materials at a cost to the Government of 850 million yuan.

Hangchow related (Mar. 25) that Ling Heng-kang, rice merchant, bribed cadre Hsiao Ming of the Yinhsien office of the China Grain Company and then speculated in grain, forcing the price up. Merchant Chien Chin-ru bribed cadres and defrauded the Government of 500,000 catties of rice in 8 months. Hofei announced (Mar. 25) that Tu Tung-ming, Wuhu lumber merchant, had been charged with defrauding the Government in contracts for building post offices, and bribed cadres so that he could speculate in lumber. Huainan reported (Mar. 25) that Hsu Yu-san, manager of the Shiming Rice Mill; Wang Ta-nien, manager of the Changchiang Rice Mill; and Hsu Shou-po, manager of the Hsinsheng Rice Mill, had been arrested for defrauding the Government on rice contracts for the Huai River project.

Kaifeng reported (Mar. 26) that Tao Chun-tien had been charged with illegally slaughtering more than 1,000 oxen in the past 3 years and evading 100 million yuan in taxes. Kaifeng said (Mar. 27) that merchant Hsieh Ping-ju had been charged with selling fake drugs. Kaifeng reported (Mar. 29) that the CHENGCHOU JIH PAO carried letters from all circles attacking Yu Jih-cheng, owner of the Hengta Pharmacy, who killed his clerk, Chang Wen-chang, Mar. 10 for exposing Yu's corruption. Wuhsi announced (Mar. 27) that Li Meng-chi, Yu Yu-chin, and Nieh Shou-te had been arrested Mar. 23 as leaders of a corrupt ring of eight Wuhsing hardware merchants who regularly defrauded the South Kiangsu Industrial Bureau by selling substandard materials at high prices, and embezzled 3 billion yuan in 21 months. These hardware dealers gave bribes of 370 million yuan to cadres in the supply section, and in 1949 sold pipes of 300 pounds pressure to the Hsiyehan Railway Shops, representing them as 500-pound-pressure pipes, thus endangering the safety of the workers. Ku Cheng-ping also "corrupted all the cadres" in the Wuhsing Tax Bureau so that he could evade taxes on one billion yuan worth of business. In Wuhsien 106 wine shops defrauded

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the public with cheap goods, and defrauded the Government by evading 16 billion yuan in taxes. Chin Jih-ju and Chang Chia-chun of Wuhsien organized a corruption ring of merchants who connived with counterrevolutionaries to "endanger the Nation," and tried to obstruct the anticorruption drive by forming mutual alliances. Wuhsi said (Mar. 28) that Kuo Chi-jen, owner of the Nanking Pharmacy, Chenchiang, Kiangsu, was charged with selling fake penicillin. Wang Te-heng, "the king of fake drugs," sold drugs which caused patients to die, and other druggists in Chenchiang were charged with handling 30 kinds of fake drugs which consisted principally of water.

Nanchang asserted (Mar. 26) that Wang Chin-hai, Nanchang sugar merchant, had illegally raised prices, undermining the People's Cooperatives. When model farmer Wang Chin-lin was selling sugar to the Shangjao Cooperative for 410,000 yuan, Wang offered him 430,000, but his offer was refused and he was exposed. Nanchang added (Mar. 29) that merchant Hsu Mu-ling of Yunghsiu Hsien, Kiangsi, had been arrested for setting fire to 1,000 mou of forest land. Canton reported (Mar. 25) that the Chinchiang Construction Company had been charged with cheating on labor and material in building the Tachung Workers Primary School in Tashatou Chu, endangering the lives of 300 pupils. Canton added (Mar. 29) that (Chou Jih and Liang Cheng-liang) of the Ichung Construction Company cheated in building a dam, causing enormous loss to the peasants, and threatening 330,000 mou of land with inundation.

Kunming stated (Mar. 26) that farmers in Hohsi Hsien, Yunnan, were demanding compensation for their losses in using water pumps made by Yeh Chung-chi, corrupt smith who also cheated the Government by using old parts in making repairs. His pumps would water only 200 mou instead of the expected 1,000, causing a loss of 160,000 catties of grain. Kunming announced (Mar. 27) that Chang Shu-chi had been arrested for bribing cadres in the Yunnan Military District office and using Government funds for speculation. Chang Chi-hsin also was arrested for stealing Government property, and Chang Hsing-chang for stealing 127 billion yuan worth of Government aviation and motor truck supplies.

Peking announced in numeral code (Mar. 24) that two gangs of large-scale smugglers in gold and narcotics had been arrested in Wuhan. Chang Tao, former Wuhan dealer in gold and silver, was the organizer of one ring, which actually was operated by his brother, Chang Po-chiao. The ring purchased gold through 30 dealers and held Chang Liang-hao responsible for secretly exporting gold and importing narcotics. Using railway workers by giving them shares in the loot and by bribery, Chang handled 14,800 liang of gold and 1,400 silver dollars. Leading members of the other ring, which was organized by Shen Shao-min, Wuhan gold dealer, included Jui Shih-yu, finance commissioner at the Yuhua Textile Factory; Chen Yung-fu of the textile trade; Shen Chi-yen, manager of the Hankow Hochang Cotton Store; Kuo Chu, deputy chief of the finance and accounting section, Trade Department, Central and South China Military and Administrative Committee; Chou Tsu-i, clerk in the Trade Department; and Li Chao-tung of the Fuhua Antiseptic Cotton Factory. The ring had a combined capital of 2,000 liang of gold under the name of the Hochang Cotton Store and connections with the Chen Yung-fu gang in Shanghai. The outfit also used Kuo Chu and Chou Tsu-i to steal information pertaining to the cotton and yarn industry, and profited on 1,200 bales of cotton shipped to Canton. Six of the smugglers, including the organizers of both gangs, already were reported arrested.

Kaifeng announced (Mar. 28) that Yu Yung-fa, factory owner, had been arrested for obstructing the anticorruption drive and for smuggling narcotics. He corrupted many cadres on the Canton-Hankow Railway and forced them to participate in his illegal activities, which cost the Government 2 billion yuan.

Government Employees. Tsinan asserted (Mar. 25) that Chu Ko-fu, manager of the East China Colliery, had been removed for corruption, "an act which greatly increased the productive enthusiasm of the workers." In the Tashanghai Match Factory of Hsuehou, Shantung, a corruption ring led by cadre Hsia Chiu-ssu was exposed which robbed the Government of 361,697,000 yuan on 1950 lumber contracts. Tsinan said (Mar. 29) that Deputy Mayor Hsu Chen of Tsinan and Deputy Chief Hsu Ming of the Shantung Public

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Security Department had been dismissed for corruption and misbehavior in office. Shanghai reported (Mar. 24) that Yang Ping-shi, business manager of the Chenchiang branch of the People's Bank, had connived with corrupt merchants to lend the bank funds for speculation. In 1951 the Government lost 40 billion yuan as a result of activities of 21 city grain firms, which used 7 billion yuan of Government money to finance their activities.

Hangchow announced (Mar. 24) that cadres Wu Ssu-fa and Yu Pi-hua of the Nahsienchia branch of the People's Bank in Hangchow had been arrested, along with merchant Chin Yao-chien, for using Government funds to speculate and disturb the lumber market. Yangchow reported (Mar. 26) that Hsu I-po and 10 other cadres in the Taichou branch of the China Food Company, Kiangsu, connived with corrupt merchants to defraud the Government of 3 billion yuan.

Hofei reported (Mar. 28) that cadres Chang Ming-kuang and Hsu Chung-nien of the Huainan Mining Administration had been arrested for conniving with corrupt merchants Wang Ling-fu, Wang Te-jen, and Cheng Chin-pao to defraud the Government on lumber contracts to the amount of 3 billion yuan. The merchants regularly used the money of the Mining Administration to speculate in yarn, gold, and silver dollars, not only disrupting the market, but also failing to deliver lumber to the mines on time. Hofei added (Mar. 30) that in the Liuan District Administrative Office (Chu Ming-chu) had been arrested for grafting 68.76 million yuan and 80,000 catties of rice. In his position as chief of the construction section he connived with lawbreaking merchants. Huainan announced (Mar. 26) that Wu Chuan-hsien and Liu Pei-hua had been expelled from the Youth Corps for corruption.

Nanchang reported (Mar. 26) that Peng Chia-lun, chief of the propaganda section of the Kiangsi Party Committee, had been expelled from the Party for conniving with former Kuomintang Army men to make illegal profits; Li Li, Party Secretary of Chian Hsien, was expelled for conniving with corrupt elements to defraud the Government; and Yuan Chin-ming, member of the Chian Hsien Party Committee, was expelled for misusing Government funds and ordering roads built so he could use his private car. Wuhan said (Mar. 27) that workers and shop employees had demanded severe punishment and confiscation of the property of (Ho Heng-pu), former chairman of the preparatory committee of the Industry and Commerce Joint Association of Wuhan, for organizing a ring to steal Government economic information. Chungking announced (Mar. 24) that Wang Shao-jen, People's Bank cadre, had been charged with corruption amounting to 10 billion yuan and with helping corrupt merchants steal another 21 billion yuan. Chen Chi-jui, China Department Store cadre, was charged with embezzling 25 billion yuan.

ECONOMIC PROBLEMS

Effects of Drive. A considerable number of broadcasting stations continued to insist that the anticorruption drive had increased, rather than decreased, production in many shops and factories. Peking in numeral code (Mar. 29) asserted that the Peking office of the China General Merchandise Co. had announced a cut of 5 percent in the average prices of 560 articles as a result of reduced costs brought about by the anticorruption drive, which "streamlined businesses," placed workers in charge of inspection, and cut out the squeeze going to corrupt elements. Shanghai announced (Mar. 25) that locomotive engineer Liang Li-chun of the Nanking Railway Administration drove Locomotive No. 559 through heavy weather from Nanking to Shanghai during the drive to set a 24-hour safety record. Wuhsi claimed (Mar. 26) that pipe fitters had greatly increased their efficiency, as a result of the drive, and completed installations in the Wuhsi Paper Mills in record time. "Engineers no longer look upon pipe fitters as beneath them, but often work closely with them."

Chungking asserted (Mar. 30) that in the Chengtu engineering section of the Chungking-Chengtu Railway the efficiency of the workers was higher than before the drive, and now they had pledged to complete the construction of the railway by July 1. In the No. 601 Textile Mill of Chungking production had increased as a result of the drive because "corrupt bureaucratic elements were expelled." Kunming claimed (Mar. 26) that in the Yunnan branch of the People's Bank, efficiency of operations had improved

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noticeably as a result of the drive, with the time required for calculating interest on deposits cut from 5-7 days to 4, and the time required to balance the books of individual accounts cut from 7 hours to 4. Other claims of improvement in production as a result of the anticorruption drive were monitored from Mukden (Mar. 24), Sian (Mar. 24), Shanghai (Mar. 25), Hangchow (Mar. 26), and Chungking (Mar. 29-30).

Other broadcasts, while not claiming positive gains in production from the anti-corruption drive, maintained that production had been held to normal or improved as a result of adjustments recently made. Anshan declared (Mar. 29) that in the Anshan Ironworks Youth Corps members had taken the lead, were improving production during the day "as a result of their political indoctrination" during the drive, and were carrying on their tiger hunting at night. Hangchow claimed (Mar. 29) that production in the Hungfeng Silk Mills now was up 26.1 percent through "coordination of the antiwaste, anticorruption, antibureaucracy drive with the production drive." Huainan reported (Mar. 27) that workers in the No. 9 Colliery had "voluntarily increased" individual work quotas by 4 percent. Sian said (Mar. 29) that Government offices and trading companies in the Northwest had reassigned part of the cadres from the anticorruption drive to maintain normal operations. As a result both drives were gaining, and other gains had been registered by uncovering during the anticorruption drive "a large number of useful cadres who have been added to the forces of the People's Revolution."

Chungking asserted (Mar. 24) that on the Chengtu Railway workers had mapped out a plan to coordinate the tiger hunt with the production drive by "letting day workers hunt tigers by night, and night workers hunt tigers by day." Chungking said (Mar. 27) that in the Kweichow Province branches of the China Grain Company and the China Lumber Company production records had been established in January and February, but in order to "further promote normal operations," more and more cadres had been allocated from the tiger hunt to normal business operations. Chungking reported (Mar. 30) that in the State trading companies of northern Szechwan, cadres who "showed their political awareness" during the anticorruption drive had been promoted to responsible positions, and now were "arranging contracts with private merchants for processing goods on an honest basis." Kunming declared (Mar. 27) that after the arrest of Yeh Kung-chi, manager of the Kunming Power Plant, the workers had increased production and now had promised to complete the Kunming Hsien conservancy project by the end of April.

Still other broadcasts frankly admitted that production had been hurt by the anti-corruption drive. Anshan admitted (Mar. 25) that although workers in the Anshan steel mills made "brilliant achievements in tiger hunting," production had lagged far behind schedule during the past few months "because of the preoccupation of the cadres." Mukden announced (Mar. 24) that the Mukden Party Committee had called two meetings of factory workers to "coordinate the tiger hunt and production drive," as "cadres had neglected production by paying too much attention" to the anticorruption drive. Tsinan declared (Mar. 26) that "as a result of all the cadres spending their time making achievements in the tiger hunt," the Hsuehou Tobacco Company "completely ceased operations" Feb. 2. In order to resume operations, the company issued a directive on Mar. 10 allocating cadres to normal business operations. Tsinan added (Mar. 30) that in the No. 1 Factory of the Shantung Paper Company indoctrination by leading cadres was necessary, as "workers had paid all their attention to the tiger hunt so that production suffered."

Hangchow declared (Mar. 24) that in the Hengfeng Textile Mills of Yinhsien the Government had suffered a huge loss. The China Cloth Company had given processing orders to the mills "in an attempt to maintain the livelihood of the workers," but as a result of the anticorruption drive the mills started production only Mar. 13, and then "defective yardage reached 25 percent because of the unrest among the workers." The management had issued a blackboard notice telling the workers "to work more and do less arguing." Government losses resulted from spoilage and from the higher local costs over Shanghai costs. Hangchow added (Mar. 25) that the Chekiang branches of the State companies handling native products, silk, tea, general merchandise and grain,

"which were interrupted by the antiwaste, anticorruption, antibureaucracy drive, have resumed normal operations." It was claimed that the China Grain Company was "working under serious difficulties because of a shortage of transport," but that the companies were buying native products from the farmers and furnishing them with the daily necessities. Hangchow admitted (Mar. 30) that in Hang Hsien, Chekiang, the Federation of Cooperatives called a meeting with branch cooperatives in an effort to strengthen the interflow of native and special products, "as 800,000 catties of sugar cane and 300,000 piculs of water chestnuts are not yet marketed."

Hangchow announced (Mar. 28) that the Hangchow Austerity Committee had called a meeting of trade union members Mar. 23 "to urge them to take the lead in reviving normal business operations of shops affected by the antiwaste, anticorruption, antibureaucracy drive." Changes were adopted "under the leadership of the workers," which increased the operating capital of some shops, and the Yitahsiang Cloth Shop was reclassified from a major non-law-abiding firm to a semi-law-abiding firm. Hangchow added (Mar. 30) that workers in the Hangchiang Textile Mills had "overcome their rightist leanings, which resulted from a sudden drop in production" during the anticorruption drive, and had increased output and decreased spoilage.

Foochow reported (Mar. 27) that in the printing machine factory of the Fukien Printing Machine Department, some workers, "due to a lack of leadership, overindulged in tiger hunting," a mistake that was rectified when the director of the factory himself assumed the leadership of the drive. Chungking said (Mar. 24) that after a meeting to coordinate the anticorruption and production drives, "production is again making headway" in the trade and financial organizations of northern Szechwan. As a result of this reorganization, the People's Bank had started making loans to "confessed corrupt merchants," while the China Cotton and Yarn Company, and the China Food Company had begun letting processing contracts to private firms. Kunming stated (Mar. 25) that in the Yunnan Power Plant new cadres had been appointed, and others promoted, to "take over positions vacated by corrupt elements," and that, "in spite of the current difficulties," the new men had been able to do the work. Chang Chin-tang proved to be wrong when he maintained that only he could operate certain machines, and that the plant could not do without him. When Liu Chien-hua, head of the materials section, was removed he was replaced by his deputy, Pi Huan-chi, and by Pu Kuo-chiang of the purchasing office. Chang Chin-tang, head of the supply section, was replaced by Liu Ya-fa, former transport head.

Shortages and Famine. Wuhan announced (Mar. 25) that "in view of the serious famine in Kiangsi last year and the prospects of a spring famine this year," the Central Government had issued 20.8 billion yuan for relief there. Similar steps had been taken to care for Hupeh, Hunan, Kwangtung, and Hainan Island. Nanchang said (Mar. 25) that cadres in the drought areas of Kiangsi had taken the lead in arranging loans in Shangjiao Hsien, where sufferers had received 30 tan of grain, and in Kan Hsien, where they had received 91 tan. This action "quieted the fears of the wealthier farmers, who at first feared to make loans at interest." Nanchang added (Mar. 29) that the "new damage to winter crops aggravates the situation" in the Loan, Shangjiao, and Hsinyu localities. The Kiangsi Production Committee for Relief of Disaster-Stricken People and the Kiangsi branch of the Chinese People's General Relief Association had called upon working personnel to save one liang of rice each day from Apr. 1 to July 30 to relieve Kiangsi people "stricken by natural disasters."

Foochow announced (Mar. 29) that in the Chinchiang Special District, Fukien, the presence of spring famine "has aroused the serious attention of the local Governments," which were intensifying their production policies and promoting "free lending and borrowing" to tide over the difficult times. Shanghai (Mar. 27) listed the latest price quotations in several leading cities of East China. Except for the high price of new rice, 172,000 yuan, in Tsingtao, only Foochow showed wide variations from the other cities. Cotton yarn was quoted at 8.7 million in Foochow, 7.5 million in Hangchow; fine cloth 322,600 in Foochow, 288,000 in Hangchow; yellow beans 166,300 in Foochow, 86,000 in Nanking; edible oil 640,000 in Foochow, 400,000 in Tsinan; salt 127,000 in Foochow, 85,000 in Tsingtao. Quotations were low for Foochow only in newsprint and matches, while new rice was quoted at 136,200 for Foochow and 115,000 in Hangchow, though it was still higher in Tsingtao.

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Chungking announced (Mar. 30) that the North Szechwan Administrative Office Mar. 23 allocated 400 million yuan and 10 million catties of food to four special districts under the jurisdiction of the office, with instructions that the food be distributed, without delay, "to food-deficient areas." Kunming reported (Mar. 27) that workers in the Yunnan Machine Works had developed a technique for making molds out of salt, lime, and charcoal, "to alleviate the shortage of materials in Kunming."

Farm Production. Wuhan announced (Mar. 27) that 60 teachers and students from Wuhan left for the rural areas to promote the spring farm production program. Chinchow said (Mar. 24) that cadres in Lishu and Hsinmin Hsien, Liaosai Province, had been sent to the rural areas to ascertain needs of farms for spring operations. In Taian Hsien model farmers were organizing women to promote the spring farm program. Foochow reported (Mar. 25) that cadres in the rural areas of Fukien were promoting the spring farm program by holding meetings, organizing mutual aid teams, and distributing fertilizer. Sian announced (Mar. 24) that, in order to release men for work on antidrought projects, women were doing the work in the wheat fields, and day nurseries had been set up to care for children while their mothers worked in the fields. In Sinkiang 2,000 laborers and personnel of the People's Liberation Army started work on the Iwata Reservoir, which will irrigate 50,000 mou. Yangchow said (Mar. 24) that the Nantung Special District had reported 1,991 temporary and 579 permanent mutual-aid teams organized. Chitung Hsien planned to organize 35 percent of its farm labor force into mutual aid teams.

Other broadcasts telling of action to get spring farming under way, build and repair irrigation systems, reclaim wasteland, supply fertilizer, organize mutual aid teams, and provide loans for farmers, were monitored from Mukden, Peking, Chinchow, Tsinan, Shanghai, Hangchow, Hobei, Yangchow, Taiyuan, and Chungking. Taiyuan reported (Mar. 25) that another group of 25 cadres in Hsin Hsien, Shansi, had been taken off the anticorruption drive and sent to the rural areas to aid with spring farming following indoctrination. Foochow said (Mar. 28) that in Yungchun Hsien, Fukien, Party and Government cadres had been lax in promoting spring farming because they were too busy with the anticorruption drive. In Pingtai Hsien cadres met Mar. 7, but took no action toward aiding the farm program until Mar. 14.

A considerable number of other broadcasts reflected difficulties experienced in promoting farm production. Chinchow reported (Mar. 26) that because of the cold weather only 70 militiamen responded to the call to dig ice from the river for irrigation in Ihsien, Liaosai, but after indoctrination 200 reported and obtained enough to water 140 mou. Peking said in numeral code (Mar. 28) that in Liyang, Ihsing, Lishui, Chintan, and Chiangning Hsien, southern Kiangsu, 190,000 mou of wheat had been flooded from the cold rain of the past few weeks. Most of the wheat was turning yellow, while rape, horsebean, and other crops had been affected.

Hangchow announced (Mar. 24) that the Yuhang, Chekiang, Party Committee had called a meeting in an attempt to overcome the difficulties faced by the middle class farmers and allow them to proceed with production. Middle class farmers had made loans of 19,000 catties of grain, 55 plow oxen, and large quantities of rice seedlings to 200 poor farmers, who now were unable to pay back the loans. Hangchow said (Mar. 26) that the Chekiang Women's Democratic League had called upon women in the rural areas to "overcome their reluctance in promoting spring farm production" and participate in mutual-aid teams. Hangchow added (Mar. 30) that the Party Committee in the Yinhsien Special District had called an indoctrination meeting for cadres, as they had been lax in promoting spring farming, with 10-20 percent of the land still not being worked.

Yangchow reported (Mar. 29) that in Ssuyang Hsien, northern Kiangsu, cadres had been ordered to "overcome their shortcomings" and get production under way. Instead of attempting to fulfill their quota of 1.8 million catties of grain, they called the quota useless and made no attempt to support it. Foochow stated (Mar. 28) that a meeting had been called in the Chinchiang Special District, Fukien, Mar. 7 to "rectify

the neglect" in leading spring cultivation. In Lungchi Hsien the Drought Prevention Committee called attention to the fact that rice seedlings were rotting in five hsien because of a lack of care. Nanchang reported (Mar. 25) that in Wuchiang Hsiang, Chu 4, Loping Hsien, Kiangsi, cadres had to indoctrinate the peasants in the benefits of providing irrigation systems before they overcame their reluctance and began construction. Nanchang added (Mar. 26) that in Chinkan Hsien cadres had to urge farmers to lend 400,000 yuan and 45 piculs of rice so many of the peasants could start their spring farming. Farmers were "reluctant to lend grain for fear of being accused of being rich farmers."

Wuhan declared (Mar. 30) that in Hupeh Province the cadres must "overcome their attitude that farm production needs no guidance," and take the lead in organizing mutual aid teams, encouraging patriotic production, "exterminating rumors, and breaking down ideological deviations." The Hupeh Government had issued a directive calling upon all local Governments and cadres to become more active in order to prevent famine. Chungking reported (Mar. 24) that in Lu Hsien, Szechwan, cadres had organized antidrought teams "after overcoming rightist leanings among the peasants." Chungking said (Mar. 29) that in the Wanhsien Special District, Szechwan, peasants were planting early maturing crops, such as beans and pumpkins, but that recent rains had caused early spring crops, "which had showed signs of withering," to turn green again.

Organization and Management. Mukden announced (Mar. 25) that the Northeast China People's Government had named Lin Feng, vice chairman of that Government, and Ku Chohsin, Minister of Finance, as chairman and deputy chairman, respectively, of the newly created Northeast Committee for Control of Government Enterprises. The Committee issued registration forms to all Government enterprises and instructed workers to make reports. Shanghai announced (Mar. 28) that in East China the new committees for unified management of publicly owned economic enterprises would start to function Apr. 1, and would complete the takeover by Apr. 30. Peking said in numeral code (Mar. 27) that "in a certain oil refinery in the Northeast" it had been discovered that much of the profits had been lost through corruption and inefficient use of equipment. As a result managerial expenses would be cut 21.1 percent, basic construction 50 percent, and the budget would be increased 17 billion yuan. Distilling machinery had been improved so it would produce 34 percent above "the standard as established by the Americans," and the monthly oil production would be doubled.

Shanghai announced (Mar. 25) that metal trades firms of Nanking, including the Hsintechuen, Liangte, and Wuchienhsin Iron Foundries, were "being revived" by orders from State companies. Shanghai said (Mar. 29) that workers in the Hungta Paper Mills had accused the management of delaying production in order to make greater profits. Peking reported in numeral code (Mar. 27) that the Mukden office of the China Textile Company held consultations with factory workers and managers before letting out processing contracts to private firms, and as a result reduced the quantity of cotton yarn and dyestuffs. Sian stated (Mar. 24) that Government trading companies in Lanchow were placing orders with local businessmen "which will solve the livelihood of more than 10,000 workers and supply the needs of more than 20,000 dependents." The China Grain Company employed 1,079 carters to transport grain processed by 662 flour mills and 3,000 noodle makers; the China Farm Implement Company made advances to 53 implement firms on processing orders; and the China Native Products Company hired 200 women workers.

Chungking announced (Mar. 27) that Fan Tai-chao, President of the China Department Store, had called a meeting of private firms to discuss the granting of processing contracts. Fan declared that his company actually did not need to give contracts to private firms, but was doing so "in order to revive private business." The Chungking Bureau of Trade told the firms that "in giving them contracts in spite of their known corruption, the Government has fully proved its solicitude for private businessmen." Kunming stated (Mar. 29) that the Yunnan office of the China Food

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Company had issued contracts to 21 firms "in consultation with workers in order to assure honest fulfillment of the contracts."

Yangchow announced (Mar. 24) that four Government administrative and transport offices had issued a joint directive to local Governments to organize workers in the Huang Ho flood area and the tidelands to prepare for spring floods. The local Governments were advised to "arrange insurance for the life and property of the workers whenever possible." Chungking complained (Mar. 27) that authorities in the Nanchung Hsien area of northern Szechwan had shown "incompetent leadership" in the reservoir construction program. Reservoirs were improperly located, and there had been a great deal of cheating in labor and material.

Nanchang announced (Mar. 28) that the Nanchang Special District Administration, and Party Committee, had issued emergency directives to local Governments to organize teams at once to combat flood conditions along the Kan River system, where the dikes already were in danger. Nanchang added (Mar. 30) that the Nanchang Special District Administration had issued another emergency directive ordering cadres to protect grain supplies against the heavy rains, as many warehouses were in need of repair. Hsien Governments were ordered to organize teams to purchase and bag all loose grain.

WAR PROBLEMS

Germ Warfare Propaganda. Peking's home service broadcasts said (Mar. 29) that the International Association of Democratic Lawyers had completed its investigation of American bacteriological warfare in Northeast China, and the Chinese and foreign press group investigating the matter had issued a statement. American planes in 71 flights had made 318 sorties to drop germ-infested insects and other articles on the area. The same radio said (Mar. 30) that the "Christian priest," Wang Tzu-chung, made a statement for the NCNA following an investigation. On Mar. 19 American planes dropped large quantities of insects on the Wonsan, Korea, area, while statements by American and British prisoners of war showed long preparations for germ warfare by the United States.

Comment on the reports of the Communist lawyers, and new reports of protest meetings by various groups, were monitored from Mukden, Tsinan, Hangchow, and Kaifeng Mar. 24; from Mukden, Dairen, Foochow, Taiyuan, and Wuhan Mar. 25; and from Mukden and Nantung Mar. 27. Dairen said (Mar. 25) that "blind workers and families of servicemen" had made protests. Taiyuan reported (Mar. 25) that the SHANSI JIH PAO carried Malik's attack against American germ warfare in the United Nations.

Several reports of organization to fight epidemics were monitored. Dairen announced (Mar. 25) that part-time students, factory workers, peasants, and other groups, were being "indoctrinated in public health and antiplague measures," and were "cleaning up their surroundings." Mukden asserted that an epidemic prevention headquarters had been set up in every organization of the city to "clean out bacteria-laden insects." The clothing of all personnel "engaged in insect catching" was being sterilized after each operation. Nanchang announced (Mar. 27) that "after indoctrination" by the Party Propaganda Corps, 3,600 peasants in Paoshan Hsiang, Shangjiao Hsien, Kiangsi, took vaccinations.

Wuhan asserted (Mar. 25) that medical workers throughout the Central and South China area made protests, and the Antiplague Committee of the region issued a directive Mar. 23 calling upon the broad masses "to gain a better understanding of germ warfare." Canton reported (Mar. 26) that the Kwangtung branch of the China Federation of Natural Science Institutions called 60 scientific workers together Mar. 26 to organize an antibacteriological warfare committee, "which will organize all scientific workers and prepare them to answer the call of the Government in the struggle against bacteriological warfare." Ting Ling of Chungshan University was named chairman of the new group, with Tuan Kuo-tsai, Chen I-tang, Li Ta-cheng, and Chen Ho-ling as vice chairmen.

Corrupt Contractors. Shanghai announced (Mar. 25) that contractor Chang Tzu-hsiu and 11 accomplices had been arrested. They defrauded the Engineers Corps of the People's Liberation Army of southern Anhwei of 1.8 billion yuan on construction contracts and sold

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Government materials for private use. Shanghai reported (Mar. 27) that Kuo Chi-san of Nanking had been arrested for defrauding the Army on cotton clothing contracts. From 1949-1951 he cheated the Government out of 80,000 catties of cotton worth 800 million yuan, as 60-90 percent of his work was below standard; used infected cotton, which caused sickness among soldiers in Korea; and delayed his deliveries "while the soldiers in Korea were freezing."

Kunming stated (Mar. 25) that the radio station had received letters from hardware clerks of Chu 4 demanding severe punishment for merchants Yeh Chung-chi, Chao Fan-i, Wang Ho-fu, and Yu Kuang-hsiang, who sold Government military supplies.

Preferential Treatment. Tsinan announced (Mar. 24) that the Shantung Government had issued 3.6 million catties of grain to assist families of servicemen in the province, and would complete distributions by Apr. 15. Yangchow stated (Mar. 24) that the Yangchow Special District Administration had issued a directive calling upon cadres to inspect the preferential treatment program in rural areas. Yangchow added (Mar. 25) that the Huaiian Administrative Office, Kiangsu, had issued a directive calling upon the "broad masses" to carry out the preferential treatment program by doing farm work for families of servicemen. Wuhsi announced (Mar. 28) that farmers in the Wuhsien area, who had organized 15 mutual-aid teams in Tanyang Hsien and cooperatively purchased 7 plow oxen, had completed their preferential treatment program by helping dependents of servicemen farm their land.

Hofei reported (Mar. 28) that the Anhwei People's Government had issued loans of 9.07 billion yuan to farmers for tools, and 2 billions for general production, with dependents of servicemen and poor farmers to have preference. Nanchang said (Mar. 26) that the People's Government of Juichin Hsien, Kiangsi, had made loans to families of servicemen to purchase 229 oxen, 1,500 farm tools, and large quantities of fertilizer, so they could proceed with spring farming operations.

LAND REFORM

Wuhsi reported (Mar. 27) that the SUNAN JIH PAO had called a meeting of its staff to study the case of Mi Yu-chuen, manager of the Shanghai CHIEH FANG JIH PAO, who was dismissed for sabotaging land reform. It was pointed out that Mi had ignored his responsibility to the Party and showed rightist leanings, and cadres were warned against the danger of such a course. Foochow (Mar. 28) quoted from an article in the FOOCHOW JENMIN JIH PAO on Mar. 27 which called upon farmers to help the Government arrest lawless landlords and counter-revolutionaries who obstruct the anticorruption drive and spring production "by spreading rumors."

Nanchang reported (Mar. 26) that landlord Hu Lung-shou of Chiangkou Hsiang, Chiyang Hsien, Kiangsi, had been arrested for attempting to take revenge on activist farm cadres. Hu fed a pair of gold earrings on Mar. 9 to an ox belonging to poor farmer Kung Kung-hai, which killed the ox in 2 hours, and then spread the rumor that plague had killed the ox. Kung did not believe the story, so opened the ox the next day and found the earrings, which everyone knew belonged to Hu's family. Nanchang said (Mar. 27) that cadres in Tean Hsien, Kiangsi, had been accused of bureaucracy and rightist leanings in their land reform work. Cadre Hu Shan-tzu refused to live and eat with poor peasants because their accommodations were not good enough for him, and regularly stayed in the homes of rich landlords; cadre Chen Ssu-en regularly made pleasure trips to other villages; and cadre Wu Shang-i wore leather boots and carried a leather briefcase to farm meetings and "lectured down" to the farmers, "just like a Government official."

Nanchang reported (Mar. 27) that in Yuanshou Hsiang, Chiaoliang Chu, Shangjao Hsien, Kiangsi, the struggle rally against landlord Ling yuen-ko Mar. 4, attended by 1,162 persons, of whom 164 made accusations, was a failure because "much of the evidence was found to be fabricated," and one important accuser, peasant Chang Lung-kuei, from whom Ling had taken one mou and 2 fen of rice land, failed to appear through fear of revenge. The rally was disorderly and poorly planned, and "greatly lessened the prestige of land reform in the eyes of the peasants." More than 100 persons sneaked away, and peasants expressed their sympathy for Ling by saying

to the cadres: "Stop the struggle; he cannot suffer any more." Nanchang stated (Mar. 29) that Kao Li-fen, head of the farmers' association in Fengyi Hsien, was arrested during reinspection of land reform for having been a secret agent of the Kuomintang; for keeping up close relations with lawless landlords and an exploiter of the farmers, and for wasting public funds in wining, dining and sheltering counterrevolutionary elements. Nanchang said (Mar. 30) that the Chinchiao Cooperative in Shangjao Jsiien called a meeting Mar. 17 of farmers who had received land through the land reform program but had no money with which to farm the land, and promised to advance funds to buy fertilizer.

Kunming complained (Mar. 25) that cadres in Yenmao Hsien, Yunnan, "because of their lack of basic training," failed to carry out the land reform program successfully. Kunming added (Mar. 27) that the Party Secretary in Yuchi Hsien had taken the lead in organizing farmers to confiscate landlords' property and suppress counterrevolutionaries, and the "farmers are gradually accepting the land reform program." In Iliang Hsien the Party Committee issued a stern warning to the land reform cadres and ordered them to "educate the farmers in the benefits of confiscating landlords' property." Cadres here had been lax in confiscating property, and "had met with opposition from the peasants," who claimed they were too busy with spring farming operations to be bothered with confiscating landlords' property. Kunming said (Mar. 29) that in Luliang Hsien, Yunnan, cadres now were leading the peasants in confiscating the assets of landlords. Many peasants thought the landlords "already were stripped," but the cadres proved that much of their property still was hidden.

MISCELLANEOUS

Thought Reform. The students and faculty of Wuhsien University held a thought reform rally Mar. 17, when a study committee was organized to indoctrinate the students and faculty with the ideology of Mao Tse-tung and the working class.

National Minorities. Peking in a home service broadcast (Mar. 27) announced that Chu Te on Mar. 25 entertained the delegation of national minorities from the Southwest. Sian reported (Mar. 30) that the People's Publication Office in Tihua was printing the "Works of Mao Tse-tung" in different languages for the use of the population of Sinkiang. Peking reported in numeral code (Mar. 28) that the State-operated trading company of Tulan Hsien, last year organized a "public-private trade team" which penetrated into Tibet at Chumalai and Kuolo and purchased 300,000 catties of wool and hides worth 3 billion yuan. The team, which "received a warm and enthusiastic welcome," was "ardently loved by the Tibetans." The local chief assigned 30 young Tibetans with rifles and horses to protect the trade team. "Many Tibetans pinned up Chairman Mao's portrait and have been hymning the kindness and virtue of Chairman Mao." Chungking announced (Mar. 24) that the Sikang Government had sent cadres to the Tibetan districts of the province to "educate the tea growers," and hoped to collect 20,000 catties of tea.

Construction Projects. Tsinan announced (Mar. 25) that the Shantung Government had ordered an afforestation project of 350,000 mou in eastern Shantung, and had decreed that other farm programs would not be allowed to delay the work. Planting was being carried out on a large scale in the Laiyang Special District, with loans for the purchase of seedlings coming from other districts. Tsinan said (Mar. 25) that work on the Paima River conservancy project was started Mar. 8, after 3 months of planning during which large quantities of food and supplies had been stockpiled and a labor corps organized. Yangchow announced (Mar. 26) that in the Yencheng Special District, Kiangsu, the spring assignment on the Huai River project had been completed, with 320,000 workers released.

Counterrevolutionaries. Chungking reported (Mar. 28) that cadres in Chuching Hsien, Yunnan, had been warned to be on guard against reactionary elements "who are murdering cadres and Militiamen and spreading arson and poison." On Mar. 17 death sentences were pronounced at a public trial on Chin Hsiao-fang, who endangered the national security and murdered a militia captain; and Peng Yung-kang, who murdered more than 20 cadres after the Liberation, stirred up rebellion in the hsien, and organized bandits to attack the Mahuang Chu Government.

Marriage Law. Nanchang reported (Mar. 26) that in Tzuchi Hsien, Kiangsi, a meeting of women's representatives was recently called to discuss the marriage law. Chin T'ao-jen of Wang Kang Hsien accused cadres in her village of giving her husband a divorce so he could marry another woman, without consulting her. Several women accused cadres of taking liberties with village women, and bureaucratically passing on divorce petitions.